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PUC DOCKET NO. _____

APPLICATION OF AEP TEXAS INC.	§	BEFORE THE
FOR APPROVAL OF A WHOLESALE	§	PUBLIC UTILITY COMMISSION
DISTRIBUTION SERVICE	§	
DISTRIBUTED GENERATION	§	OF TEXAS
ENERGY STORAGE TARIFF	§	

APPLICATION OF AEP TEXAS INC.
FOR APPROVAL OF A WHOLESALE DISTRIBUTION SERVICE
DISTRIBUTED GENERATION ENERGY STORAGE TARIFF

FEBRUARY 24, 2022

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FOR APPROVAL OF A WHOLESAL	§	
DISTRIBUTION SERVICE	§	PUBLIC UTILITY COMMISSION
DISTRIBUTED GENERATION	§	
ENERGY STORAGE TARIFF	§	OF TEXAS

**APPLICATION OF AEP TEXAS INC.
FOR APPROVAL OF A WHOLESAL DISTRIBUTION SERVICE DISTRIBUTED
GENERATION ENERGY STORAGE TARIFF**

AEP Texas Inc. (“AEP Texas”) respectfully requests that the Public Utility Commission of Texas (“Commission”) grant its application for approval of a new Wholesale Distribution Service Distributed Generation (“WDS DG”) Energy Storage Tariff pursuant to 16 Tex. Admin. Code (“TAC”) § 25.191 and related relief. In support of its request, AEP Texas shows as follows:

I. BACKGROUND AND JURISDICTION

AEP Texas is a public utility as that term is defined in PURA¹ § 11.004(1), an electric utility as that term is defined in PURA § 31.002(6), and a transmission and distribution utility as that term is defined in PURA § 31.002(19). Commission Rule 16 TAC § 25.191(d)(2)(C) requires a distribution service provider to file a tariff with the Commission for wholesale service at distribution level voltage if the distribution service provider receives a valid request to provide wholesale transmission service at distribution voltage.

AEP Texas has received requests from interested entities and has entered into Interconnection Agreements with several of these entities. AEP Texas submits this application for approval of a new WDS DG Tariff to establish rates and other terms and conditions for distributed generation energy storage facilities that take wholesale service at distribution voltage from AEP Texas.

The Commission has jurisdiction over the relief requested in this proceeding pursuant to PURA §§ 35.004 and 35.007. This Application is not a major rate proceeding as defined by 16 TAC § 22.2(27), and is therefore eligible for informal disposition.²

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (“PURA”).

² 16 TAC § 22.35.

II. BUSINESS ADDRESS AND AUTHORIZED REPRESENTATIVES

The business address and telephone number of the Company is:

539 Carancahua, Corpus Christi, Texas 78401.

AEP Texas' authorized business representative is:

Matt Gerick
Reg Pricing & Analysis Manager, AEP Texas Inc.
400 West 15th Street, Suite 1520
Austin, Texas 78701
Telephone: (361) 881-5557
Facsimile: (512) 481-4591
mlgerick@aep.com

AEP Texas' authorized legal representatives are:

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Leila Melhem
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Carey Olney
Duggins Wren Mann & Romero, LLP
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Austin, Texas 78701
Telephone: (512) 744-9300
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kmcgrath@dwmrlaw.com
colney@dwmrlaw.com

AEP Texas requests that all information, pleadings, and other documents in this matter be served on the persons above and emailed to AEPAUSTINTX@aep.com.

III. DESCRIPTION OF FILING PACKAGE

In support of this application, AEP Texas has filed the Direct Testimony of Jennifer L. Jackson, Regulated Pricing and Analysis Manager in the American Electric Power Service Corporation Regulatory Services Department, and the proposed WDS DG Tariff sheet attached to

Docket No. _____

*Application of AEP Texas, Inc. for Approval of a Wholesale
Distribution Service Distributed Generation Energy Storage Tariff*

Ms. Jackson’s testimony as Exhibit JJJ-1. Ms. Jackson’s testimony includes a description of the proposed WDS DG Tariff, including a definition of customers who are eligible for WDS DG service; the basis for the tariff; an overview of the proposed pricing in the tariff; an explanation of how AEP Texas proposes to recover its reasonable costs in providing wholesale transmission service at distribution voltage to storage customers so that no other customers of AEP Texas bear the costs of service; and information regarding how the proposed tariff will provide non-discriminatory access as required by PURA § 35.004(b).

IV. DESCRIPTION OF PROPOSED WDS DG TARIFF

The proposed WDS DG Tariff is applicable to energy storage facility DG customers who take wholesale service at distribution voltage from AEP Texas. AEP Texas is proposing WDS DG Primary Service for facilities that take service within a short distance of one of AEP Texas’ substations with a dedicated line from the substation to the customer’s facilities.

AEP Texas’ proposed pricing is based on the currently approved Primary Voltage Service Tariff prices (Tariff 6.1.1.1.4). The proposed tariff rates will consist of a customer charge, a metering charge, a Distribution System Charge, and the Distribution Cost Recovery Factor (“DCRF”). The customer and metering charges are fixed charges that will recover costs associated with billing and metering the customer for WDS DG service. The Distribution System Charge is based on the customer’s usage and is designed to collect costs associated with delivering power and energy across AEP’s distribution system to the customer’s DG facility. The DCRF charge is calculated based on the customer’s usage and is designed to recover incremental distribution capital costs incurred after the Company’s last base rate case.

V. EFFECTIVE DATE

Pursuant to 16 TAC § 22.33(c), AEP Texas requests that the presiding officer approve an effective date of 35 days after filing.

VI. INTERIM RATES

In the event the WDS DG Tariff is not effective within 90 days of this filing, AEP Texas requests that the presiding officer issue an order establishing temporary rates effective 90 days after the filing of this Application, with the rate established in the Commission’s final order subject to true-up back to the effective date of the temporary rates. AEP Texas proposes that the temporary

rate level be based on the proposed WDS DG Tariff so that it can begin billing for the wholesale distribution service currently being provided.

VII. NOTICE

Pursuant to 16 TAC § 22.55, which provides that the Presiding Officer may require a party to provide reasonable notice to affected persons, AEP Texas proposes to provide notice to energy storage facility DG customers that have requested wholesale transmission service at distribution voltage. Currently only two entities are taking wholesale distribution DG service from AEP Texas, and AEP Texas is currently in discussions with several other entities concerning such service. No other persons or entities have submitted a valid request for wholesale transmission service at distribution voltage from AEP Texas. Consequently, at this time, only the entities taking wholesale distribution DG service from or who are in discussions with AEP Texas are directly affected by the filing of this Application. Upon filing, AEP Texas will provide a copy of the Application and the Notice attached as Attachment A to the above-referenced entities. Confidential Attachment B provides the names and addresses for these affected entities. AEP Texas will file an affidavit of its designated representative attesting that written notice was provided to the above-referenced entities within five business days of the date on which this application is filed.

VIII. REQUEST FOR PROTECTIVE ORDER

AEP Texas has included documents that contain highly sensitive and/or confidential information (“Protected Materials”) in this Application. Accordingly, AEP Texas requests that a protective order be approved so that the parties may exchange confidential materials. AEP Texas respectfully requests that the standard protective order, provided as Attachment C, be entered for this proceeding.

IX. RELIEF REQUESTED

AEP Texas requests that the Commission grant: (1) approval of the proposed WDS DG Tariff; (2) approval of AEP Texas’ proposed notice; (3) approval of the attached protective order; and (4) such other relief for which AEP Texas has shown itself entitled. In the event approval of the tariff is delayed beyond 90 days after filing, AEP Texas requests interim approval of the WDS DG Tariff during the pendency of this docket, subject to true up.

Respectfully submitted,

Melissa Gage
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magage@aep.com

Leila Melhem
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By: /s/ Kerry McGrath

ATTORNEYS FOR AEP TEXAS INC.

**NOTICE OF INTENT TO ESTABLISH WHOLESALE DISTRIBUTION SERVICE
DISTRIBUTED GENERATION ENERGY STORAGE RATES**

On _____, AEP Texas Inc. (“AEP Texas”) filed with Public Utility Commission of Texas (Commission) its Application for Approval of a Wholesale Distribution Service Distributed Generation Energy Storage Tariff (“WDS Tariff”) (hereinafter the “Application”). AEP Texas is required to provide transmission service at distribution level voltage by 16 TAC § 25.191(d)(2). The Application seeks approval for the WDS Tariff to establish monthly charges as follows:

TYPE OF SERVICE

Delivery service will be three-phase, 60 hertz, at the standard primary distribution service voltage (below 60 kV). Delivery service will be provided at one point of delivery and measured with one meter.

MONTHLY RATE

Distribution Service Charges:

Customer Charge	\$ 7.35	per Month
Metering Charge	\$126.87	per Month
Distribution System Charge	\$ 3.112	per NCP kW Billing Demand
Distribution Cost Recovery Factor - DCRF	\$ 0.423685	per NCP kW Billing Demand

The amount payable for monthly WDS DG service is equal to the sum of the Customer and Meter Charge, plus the Distribution System Charge, including the DCRF charge, based on the monthly distribution billing demand.

AEP Texas’ proposed pricing is based on the currently approved Primary Voltage Service Tariff prices (Tariff 6.1.1.1.4). If approved, the tariff rates will consist of a customer charge, a metering charge, a Distribution System Charge, and the Distribution Cost Recovery Factor (“DCRF”). The customer charge is a fixed charge that will collect costs associated with billing the customer for WDS DG service. The metering charge is a fixed charge that is recovered as part of the station cost from the distribution function. The Distribution System Charge is based on the customer’s usage and designed to collect costs associated with delivering power and energy across AEP’s distribution system to the customer’s DG facility. The DCRF Factor is calculated based on the customer’s usage and designed to recover incremental distribution capital costs incurred after the Company’s last base rate case.

Upon approval, under 16 TAC § 25.191(d), a wholesale transmission customer will be eligible for service under the proposed revised tariff upon receipt by AEP Texas of a valid request for interconnection to the distribution system. The transmission customer will be required to pay an upfront cost-in-aid-of construction (“CIAC”) charge to AEP Texas for the construction of any additional distribution facilities necessary to interconnect customer’s applicable generation resource.

Affected persons with questions about the Application may contact AEP Texas' authorized business representative, Matt Gerick, Reg Pricing & Analysis Manager, AEP Texas Inc., 400 West 15th Street, Suite 1520, Austin, Texas 78701, telephone ((361) 881-5557), facsimile ((512) 481-4591), or email (mlgerick@aep.com) . Any affected person who wishes to comment upon these proceedings may notify the Commission to request instructions to file such comments or intervene in this proceeding. Any request to intervene should be made to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326 and it should reference Electric Tariff Control No. _____. Further information may also be obtained by calling the Commission's Office of Customer Protection at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals and those individuals with text telephones (TTY) may contact the Commission at (512) 936-7136 or use Relay Texas (toll-free) at (800) 735-2989.

**APPLICATION OF AEP TEXAS INC. FOR APPROVAL OF A WHOLESALE
DISTRIBUTION SERVICE DISTRIBUTED GENERATION ENERGY STORAGE
TARIFE**

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List of Affected Entities

This information is CONFIDENTIAL and will be provided upon request pursuant to the terms of a protective order in this proceeding. Please contact Grieg Gullickson at gkgullickson@aep.com or at 512-481-4562, during normal business hours.

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APPLICATION OF AEP TEXAS	§	BEFORE THE
INC. FOR APPROVAL OF A	§	
WHOLESALE DISTRIBUTION	§	PUBLIC UTILITY COMMISSION
SERVICE DISTRIBUTED	§	
GENERATION ENERGY	§	OF TEXAS
STORAGE TARIFF	§	

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protective Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face “PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____” (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the

Public Information Act.¹ Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party**. For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials**. On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials**. Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Attachment 1). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians,

¹ TEX. GOV'T CODE §§ 552.001–552.353.

accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.

6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;² (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. _____” (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials. In particular, the

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016 (PURA).

procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials. Up to five additional work copies, for authorized representatives for purpose of access to such highly sensitive protected materials may be made of highly sensitive protected materials. Additional copies may be made in order to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, the Office of Public Utility Counsel (OPUC), and the Office of the Attorney General (OAG) when the OAG is representing a party to the proceeding, and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are: (1) outside counsel for the Reviewing Party; (2) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel; or (3) employees of the Reviewing Party

or its members working with and under the direction of Reviewing Party's counsel who have been authorized by the producing party or by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review each Highly Sensitive Protected document to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives (other than outside counsel) whenever possible. Reviewing Representatives for Commission Staff, OPUC, and OAG, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material**. A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPUC, and the OAG when the OAG is representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPUC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPUC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPUC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPUC (if OPUC is a party) and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.
12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided

such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPUC (if OPUC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment 1.

13. **Restriction on Copying by Commission Staff, OPUC, and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPUC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPUC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPUC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Attachment 1 to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and, unless I am an employee of the Commission or OPUC, shall be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Attachment 1 to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket. A copy of each signed certification shall be provided by the Reviewing Party to Counsel for the producing party and served upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive

Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials**. Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraphs 9 and 11, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order.
18. **Procedures Regarding Voluminous Protected Materials**. 16 TEX. ADMIN. CODE (TAC) § 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to

5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPUC.

22. **Procedures for Confidential Treatment of Protected Materials and Information**

Derived from Those Materials. Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to ensure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for

filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to

Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.

24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order**

Holding Materials are not Protected Materials. In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties

intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. _____ at the Commission, in the event that a

Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designating, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection,

it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or**

Change in Designation. If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.

28. **Maintenance of Protected Status during Periods Specified for Challenging Various**

Orders. Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change

in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.**

Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.

30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.

31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all Copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party

asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this paragraph. Nothing in this paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law**. This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,³ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice shall not be required

³ TEX. GOV'T CODE §§ 551.001–551.146.

where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

33. **Procedures for Release of Information under Order**. If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of 552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33, and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPUC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all or should not be disclosed to certain parties under the

protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of nondisclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information. Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five (5) working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation**. If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.
38. **Modification of Protective Order**. Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.

39. **Breach of Protective Order**. In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT 1

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPUC shall be used only for the purpose of the proceeding in Docket No. _____. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order provided. However, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT 2

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS INC.

FOR APPROVAL OF A WHOLESALE DISTRIBUTION SERVICE DISTRIBUTED

GENERATION ENERGY STORAGE TARIFF

TESTIMONY OF

JENNIFER L. JACKSON

FOR

AEP TEXAS INC.

FEBRUARY 24, 2022

TESTIMONY INDEX

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EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
EXHIBIT JLJ-1	AEP Texas Schedule WDS DG - Wholesale Distribution Service – Distributed Generation Tariff

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Jennifer L. Jackson. I am a Regulated Pricing and Analysis, Manager, in Regulated Pricing and Analysis, part of the American Electric Power Service Corporation (AEPSC) Regulatory Services Department, 212 East Sixth Street, Tulsa, Oklahoma 74119-1295.

Q. PLEASE BRIEFLY DESCRIBE THE AEPSC REGULATORY SERVICES DEPARTMENT, YOUR CURRENT JOB RESPONSIBILITIES, AND EDUCATIONAL BACKGROUND.

A. AEPSC Regulatory Services is part of the American Electric Power Company, Inc. (AEP) Utilities Business Group. Among its activities, Regulatory Services provides coordination and tariff-related services to the AEP operating companies, including AEP Texas Inc. (AEP Texas or the Company). As a Regulated Pricing & Analysis Manager, my job duties include providing testimony, rate review analysis and support, pricing design, implementation of pricing programs, and regulatory compliance for the AEP operating companies. I have been involved in regulatory rate review and pricing design proceedings since 1991 in all four of the AEP West state jurisdictions: Texas, Arkansas, Louisiana, and Oklahoma. I have a Bachelor of Business Administration Degree with an emphasis in Marketing from Texas Tech University.

1 Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THIS
2 COMMISSION?

3 A. Yes. I have previously sponsored testimony before the Public Utility Commission of
4 Texas (PUC or Commission) in the following dockets: 20545, 28520, 28840, 31251,
5 31461, 32758, 33309, 33310, 35625, 35627, 36422, 36928, 36949, 36961, 36960,
6 36959, 38208, 38209, 38210, 39359, 39360, 39361, 40358, 40359, 40443, 41538,
7 41539, 41879, 41970, 42370, 42508, 42509, 44717, 44718, 45787, 45788, 45928,
8 45929, 47015, 47236, 48110, 48422, 49163, 49494, 49592, 51415, and 52199. I have
9 also sponsored testimony before the Arkansas Public Service Commission and the
10 Oklahoma Corporation Commission.

11 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

12 A. I am testifying on behalf of AEP Texas Inc.
13

14 II. PURPOSE OF TESTIMONY

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

16 A. The purpose of my testimony is to support the proposed AEP Texas Wholesale
17 Distribution Service Distributed Generation (WDS DG) Tariff for service to energy
18 storage customers who wish to connect to the AEP Texas distribution system in
19 compliance with 16 TAC § 25.191(d)(2)(C). I will present and describe the proposed
20 WDS DG Tariff, which will be the pricing mechanism for wholesale DG energy
21 storage facilities that interconnect with the AEP Texas distribution system.

1 Q. HAS AEP TEXAS RECEIVED A VALID INTERCONNECTION REQUEST TO
2 PROVIDE WHOLESale TRANSMISSION SERVICE AT DISTRIBUTION
3 VOLTAGE TO A WHOLESale ENERGY STORAGE CUSTOMER?

4 A. Yes. AEP Texas has received requests for wholesale service at distribution voltage
5 from several energy storage customers and is currently serving several facilities. The
6 proposed WDS DG Tariff provides the pricing for service to these energy storage
7 customers in compliance with 16 Texas Administrative Code (TAC)
8 § 25.191(d)(2)(C).

9 Q. WHAT APPROVALS IS AEP TEXAS REQUESTING FROM THE
10 COMMISSION?

11 A. AEP Texas is seeking approval of the terms of service and pricing proposed in the
12 WDS DG Tariff to become effective 35 days after the date of filing its application. If
13 tariff approval is delayed beyond 90 days, AEP Texas requests interim approval of the
14 proposed WDS DG Tariff, including temporary rates, during the pendency of this
15 docket beginning 90 days after the date of filing, subject to true-up back to the
16 effective date of the temporary rates if the final Commission-approved rates differ
17 from the interim rates.

18 Q. WHY IS AEP TEXAS SEEKING INTERIM RELIEF?

19 A. AEP Texas requests interim approval of the WDS DG Tariff rates and terms, if
20 necessary, so it can serve and bill the WDS DG energy storage customers it is
21 currently interconnected with for wholesale distribution voltage service.

1 Q. WHAT EXHIBIT ARE YOU SPONSORING WITH YOUR TESTIMONY?

2 A. I am sponsoring EXHIBIT JLJ-1, which contains the proposed WDS DG Tariff
3 including the availability and terms of service, and the customer service, metering
4 service, and distribution service charges.

5

6 III. BACKGROUND

7 Q. WHY IS AEP TEXAS MAKING THIS FILING?

8 A. 16 TAC § 25.191(d)(2)(C) requires a distribution service provider to file a tariff for
9 wholesale transmission service at distribution voltage level at the Commission if
10 “(i) the [distribution service provider] is currently providing wholesale transmission
11 service at distribution voltage; or (ii) the [distribution service provider] receives a
12 valid request to provide wholesale transmission service at distribution voltage.” AEP
13 Texas has received requests to provide wholesale transmission service at distribution
14 voltage to energy storage facilities and is currently serving several facilities. In this
15 filing, AEP Texas is requesting approval of the proposed WDS DG tariff in order to
16 implement pricing for wholesale energy storage service.

17 Q. IS AEP TEXAS PROPOSING TO BACKBILL EXISTING FACILITIES WHEN
18 THE PROPOSAL IS APPROVED?

19 A. No. The tariff is proposed to be billed on a prospective basis after its approval.

1 Q. PLEASE DESCRIBE THE SERVICE AEP TEXAS PROVIDES TO ENERGY
2 STORAGE SYSTEMS.

3 A. AEP Texas provides wholesale transmission service at distribution voltage to storage
4 facility customers who use the energy to charge DG batteries. The customers inject
5 the energy back into the ERCOT system for wholesale sale at a later time. In Project
6 No. 39917, the Commission determined that in a scenario where a customer purchases
7 electricity to charge a storage facility, the purchase of electricity is a wholesale
8 transaction because the stored energy will subsequently be injected back into the
9 ERCOT system for a wholesale sale.¹ However, any electricity purchased for
10 auxiliary facilities, such as lighting for office space, should be treated as a retail sale,
11 subject to the appropriate retail tariff.²

12 Q. DOES AEP TEXAS PROVIDE WHOLESALE TRANSMISSION SERVICE AT
13 DISTRIBUTION VOLTAGE TO ITSELF?

14 A. No. The AEP Texas system is integrated - meaning that both its transmission system
15 and its distribution system are used to deliver power and energy to end-use customers.
16 AEP Texas does not provide wholesale transmission service at distribution voltage to
17 itself nor does it currently own or lease any energy storage systems.

¹ *Rulemaking on Energy Storage Issues*, Project No. 39917, Order Adopting Amendments to § 25.192 and § 25.501 as Approved at the March 7, 2012 Open Meeting at 13, (Mar. 30, 2012).

² *Id.*

1 IV. WDS DG TARIFF

2 Q. PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED TARIFF.

3 A. The tariff is titled “Schedule WDS DG - Wholesale Distribution Service to
4 Distributed Generation.” It is applicable to DG energy storage customers who take
5 wholesale service at distribution voltage from AEP Texas. Service is provided within
6 a short distance of one of AEP Texas’ substations with a dedicated line from the
7 substation to the customer’s facilities. The type of service is three phase, 60 hertz, and
8 at the Company’s standard primary distribution voltages (below 60 kV).

9 Q. PLEASE DEFINE THE CUSTOMERS WHO WILL BE ELIGIBLE TO REQUEST
10 SERVICE UNDER THE WDS DG TARIFF.

11 A. As defined in the tariff, customers who receive wholesale distribution service for
12 delivery to energy storage systems to charge the energy storage facilities supplied at
13 one point of interconnection and measured through one meter necessary to support the
14 transmission of energy for purposes of resale in accordance with 16 TAC §§ 25.5,
15 25.191, 25.200-25.203 and 25.501 are eligible for service under the proposed WDS
16 DG Tariff. Service to a customer’s auxiliary facilities located at the same location
17 will be provided pursuant to one of AEP Texas’ retail rate schedules.

18 Q. PLEASE DISCUSS THE BASIS FOR THE PROPOSED TARIFF.

19 A. Service to WDS DG facilities is in the very early stages. Therefore, there is not
20 sufficient load data available to develop separate pricing for these customers.
21 Furthermore, the class cost-of-service study in AEP Texas’ last rate case (test year
22 ending December 31, 2018) does not contain the necessary data to develop separate

1 pricing for these types of customers. The WDS DG customers are requesting service
2 at a primary voltage level and AEP Texas has a recently approved Primary Voltage
3 Service rate schedule. Therefore, AEP Texas is proposing to utilize the appropriate
4 pricing components in its currently approved Primary Voltage Service retail rate
5 schedule as the basis for the WDS DG pricing.

6 There are two main reasons why it is appropriate to utilize the Primary
7 Voltage Service rate schedule as the basis for Schedule WDS DG. First, WDS DG
8 customers take service at primary voltage, and receive distribution service in the same
9 way as those customers receiving service under the currently approved Primary
10 Voltage Service Rate Schedule. Therefore, the underlying allocated costs used to
11 develop the pricing are appropriate. Second, it is non-discriminatory to charge WDS
12 DG customers the same price for the relevant distribution service they receive. For
13 example, customers in the existing Primary Voltage Service retail class have widely
14 varying peak demands and load characteristics, yet all the customers have the same
15 pricing. The load characteristics of the WDS DG customer class are not fully known
16 at this time. However, until the necessary load characteristics of the WDS DG
17 customers are available to develop separate pricing for these customers, the Primary
18 Voltage Service charges are an appropriate and non-discriminatory method to charge
19 WDS DG customers for electric service. As stated above, these customers are
20 requesting wholesale distribution service at the primary distribution voltage level.

21 AEP Texas is proposing to use the same customer, metering, distribution
22 system charge and Distribution Cost Recovery Factor (DCRF) charge for WDS DG

1 customers as are billed for service to Primary Voltage Service customers. The pricing
2 is discussed in more detail below. AEP Texas will gather load information for WDS
3 DG customers and will propose a class cost-of-service study that includes information
4 on WDS DG customer cost in its next base rate case (currently expected to be filed in
5 early 2024).

6 Q. PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED PRICING IN THE
7 WDS DG TARIFF.

8 A. As mentioned above, the currently approved Primary Voltage Service prices (Tariff
9 6.1.1.1.4) are the basis for the proposed Schedule WDS DG prices, excluding charges
10 that are not applicable. The proposed Schedule WDS DG pricing is:

- 11 • Customer Charge: \$7.35 per month
- 12 • Metering Charge: \$126.87 per month
- 13 • Distribution System Charge: \$3.112 per NCP kW of distribution billing
14 demand. The billing demand shall be the higher of the NCP kW demand for
15 the current billing month, or 80% of the highest monthly NCP kW demand
16 established in the 11 months preceding the current billing months.
- 17 • DCRF Charge: \$0.423685 per NCP kW of distribution billing demand (as of
18 12/31/2021).

19 The monthly bill for WDS DG customers served under Schedule WDS DG will be the
20 sum of: (i) the Customer Charge; (ii) Metering Charge; (iii) the product of the
21 Distribution System Charge including the DCRF Factor, and the WDS DG
22 Customer's billing kW.

1 Schedule WDS DG will be included in the AEP Texas Delivery Tariff in
2 Section 6.4. The proposed tariff sheet is attached as EXHIBIT JLJ-1.

3 Q. WHAT COSTS ARE RECOVERED THROUGH THE PRIMARY VOLTAGE
4 SERVICE RATE SCHEDULE?

5 A. The Primary Voltage Service Distribution System Charge, along with the DCRF
6 charge, recovers the fixed costs associated with distributing electricity to each point of
7 delivery. This includes the physical plant associated with distribution service at
8 primary voltage and the operation and maintenance and other related expenses
9 associated primary distribution service. The Customer and Metering Charges recover
10 the cost of customer and metering services.

11 Q. DOES THE PROPOSED TARIFF INCLUDE A TRANSMISSION CHARGE?

12 A. No. In the Order in Project No. 39917, the Commission determined that wholesale
13 DG energy storage customers should not pay transmission charges for service to DG
14 energy storage facilities.³ Therefore, no transmission charges are included in the
15 proposed tariff, and no TCRF charges will be applied. As stated above, WDS DG
16 customers will be charged as a retail customer for auxiliary service for which there is
17 a Retail Electric Provider assigned.

18 Q. WHY IS IT APPROPRIATE FOR WDS DG CUSTOMERS TO PAY THE DCRF
19 CHARGE?

20 A. AEP Texas' currently approved Primary Voltage Service rate schedule includes the
21 DCRF charge as part of its pricing. The Primary Voltage Service rate schedule base

³ *Id.* at 34; *see also* 16 TAC § 25.192(b).

1 distribution pricing is based on the appropriately allocated system-wide distribution
2 investment utilized by primary service customers. As additional distribution capital
3 investments are made, the entire distribution system benefits, including WDS DG
4 customers. Therefore, it is appropriate that the WDS DG customers pay their fair
5 share of the incremental distribution investment. If WDS DG customers were not
6 assessed the DCRF charge, those costs would shift to other distribution customers.

7 Q. WILL WDS DG CUSTOMERS BE REQUIRED TO PAY A CONTRIBUTION IN
8 AID OF CONSTRUCTION?

9 A. Yes. The WDS DG customer will be required to pay a Contribution in Aid of
10 Construction (CIAC) if AEP Texas is required to build additional facilities to serve
11 the customer. The additional facilities required and the associated cost will be
12 determined during the engineering studies that AEP Texas will perform prior to
13 signing an interconnection agreement with the customer.

14 Q. PLEASE DESCRIBE THE CIAC.

15 A. A CIAC is a one-time, non-refundable upfront payment to compensate AEP Texas for
16 the construction cost of customer-specific facilities required to interconnect with and
17 provide the requested service to the customer, so that other distribution service
18 customers do not pay for those costs.

1 Q. WHY WOULD AEP TEXAS BE REQUIRED TO BUILD ADDITIONAL
2 FACILITIES ON BEHALF OF A WDS DG CUSTOMER FOR WHICH THE
3 CUSTOMER WOULD BE REQUIRED TO PAY A CIAC?

4 A. AEP Texas currently serves WDS DG energy storage customers through a totally
5 separate circuit and a dedicated breaker based on the customer's capacity
6 requirements and unique characteristics, including Section 3.8.7 of the ERCOT
7 Protocols that prohibits distribution service providers from curtailing these customers
8 in a load shed event. This requires WDS DG energy storage customers to be served
9 from a dedicated breaker and to pay for the cost of those facilities. After construction
10 of the customer-specific facilities is complete, AEP Texas will own and will be
11 responsible for the operation, maintenance, and replacement of the distribution
12 facilities.

13 Q. UNDER THE PROPOSED TARIFF, WILL AEP TEXAS RECOVER ITS
14 REASONABLE COSTS IN PROVIDING WHOLESALE TRANSMISSION
15 SERVICE AT DISTRIBUTION VOLTAGE SO THAT NO OTHER CUSTOMER
16 OF AEP TEXAS BEARS THE COSTS OF THE SERVICE PROVIDED?

17 A. Yes. As described above, under the proposed Schedule WDS DG, AEP Texas will
18 recover its reasonable costs to provide wholesale transmission service at distribution
19 voltage to the WDS DG customers. The WDS DG customer will be responsible for
20 the appropriate costs of interconnecting with AEP Texas' distribution system, any
21 required CIAC, and the charges described above. In Project No. 39917, the
22 Commission removed DG customers' demand from Transmission Cost-of-Service

1 (TCOS) so a Distribution Service Provider (DSP) and its customers will not be
2 charged for transmission service to these WDS DG customers. WDS DG customers
3 will pay their fair share of system-wide distribution charges through the base
4 distribution system charge and DCRF annual adjustments.

5 Q. DOES THE PROPOSED TARIFF PROVIDE NONDISCRIMINATORY ACCESS
6 TO WHOLESALE TRANSMISSION SERVICE AT DISTRIBUTION VOLTAGE
7 FOR ELIGIBLE CUSTOMERS AS REQUIRED BY PURA § 35.004(b)?

8 A. Yes. Service is offered under Schedule WDS DG to all wholesale distribution service
9 customers who are eligible for and request distribution voltage wholesale
10 transmission service at AEP Texas' standard distribution voltages and who meet the
11 definition of eligible customers in the Application section of Schedule WDS DG.

12

13 V. CONCLUSION

14 Q. ARE THE RATES IN AEP TEXAS' PROPOSED TARIFF APPROPRIATE?

15 A. Yes. The proposed Schedule WDS DG is based on the existing retail Primary
16 Voltage Service rate schedule, which was approved by the Commission in AEP
17 Texas' most recent rate case, Docket No. 49494.⁴ The proposed Schedule WDS DG
18 would allow AEP Texas to provide service to customers who have requested such
19 service and to recover the cost of providing that service. AEP Texas will continue to
20 work with WDS DG customers and gather the necessary load information and will

⁴ *Application for AEP Texas, Inc. for Authority to Change Rates*, Docket No. 49494, SOAH Docket No. 473-19-4421, Order (Apr. 6, 2020).

1 provide allocation, costing, and pricing information in the next base rate case for
2 WDS DG customers.

3 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

4 A. Yes, it does.

AEP TEXAS
TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area
Chapter: 6 Section: 6.4
Section Title: Delivery System Charges
Revision: Original Effective Date: March 31, 2022

6.4.1 Schedule WDS DG - Wholesale Distribution Service to Distributed Generation

AVAILABILITY

This schedule is applicable for the transformation of electric power and energy from generation facilities to Wholesale Distribution Service Customers who have distributed generation energy storage facilities. Wholesale distribution service is supplied to WDS DG Customers who take wholesale service at distribution voltage from AEP Texas in order to charge an energy storage facility. WDS DG Customers who receive distribution service for delivery to energy storage systems to charge the energy storage facilities supplied at one point of interconnection and measured through one meter necessary to support the transmission of energy for purposes of resale in accordance with 16 TAC §§ 25.5, 25.191, 25.200-25.203 and 25.501 are eligible for service under this Rate Schedule. This schedule provides service as defined by 16 TAC § 25.191(d)(2)(C) and is in accordance with Commission Substantive Rules. This schedule is not available for auxiliary retail service to the WDS DG facility.

TYPE OF SERVICE

Delivery service will be three-phase, 60 hertz, at the standard primary distribution service voltage (below 60 kV). Delivery service will be provided at one point of delivery and measured with one meter.

MONTHLY RATE

Distribution Service Charges:

Customer Charge	\$ 7.35	per Month
Metering Charge	\$126.87	per Month
Distribution System Charge	\$ 3.112	per NCP kW Billing Demand
Distribution Cost Recovery Factor - DCRF	\$ 0.423685	per NCP kW Billing Demand

The amount payable for monthly WDS DG service is equal to the sum of the Customer and Meter Charge, plus the Distribution System Charge, including the DCRF charge, based on the monthly distribution billing demand.

Determination of Billing Demand for Distribution System Charges

The NCP kW Billing Demand shall be the kW supplied during the 15-minute period of maximum use. The NCP kW Billing Demand applicable to the Distribution System Charge, including DCRF charges, shall be the higher of the NCP kW demand for the current billing month or 80% of the highest monthly NCP kW demand established in the 11 months preceding the current billing month (80% ratchet).

AEP TEXAS
TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area

Chapter: 6 Section: 6.4

Section Title: Delivery System Charges

Revision: Original Effective Date: March 31, 2022

TERMS OF SERVICE

A Distributed Generation Service Agreement is required.

The WDS DG Customer shall be responsible for all costs of interconnecting with the AEP Texas distribution system as detailed in the Distributed Generation Service Agreement.

CONTRIBUTION IN AID OF CONSTRUCTION

In the event any new facilities or any upgrades, extensions or modifications to existing facilities are required in order to provide the requested service, the WDS DG customer will be required to pay, as a contribution in aid of construction, the estimated cost of such facilities, upgrades, extensions and modifications. All facilities constructed or modified by AEP Texas shall remain the property of AEP Texas.

AGREEMENTS

WDS DG Customers shall enter into a Distributed Generation Service Agreement with AEP Texas covering specific terms and conditions of the Primary Voltage Distribution Service requested for the points of interconnection.

PAYMENT

AEP Texas will receive payment by the 30th calendar day after the issuance of the distribution service bill to the WDS DG Customer.

NOTICE

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.